



بنك الإمارات دبي الوطني
Emirates NBD

Economics

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UAE PMI: Export orders recovered in April

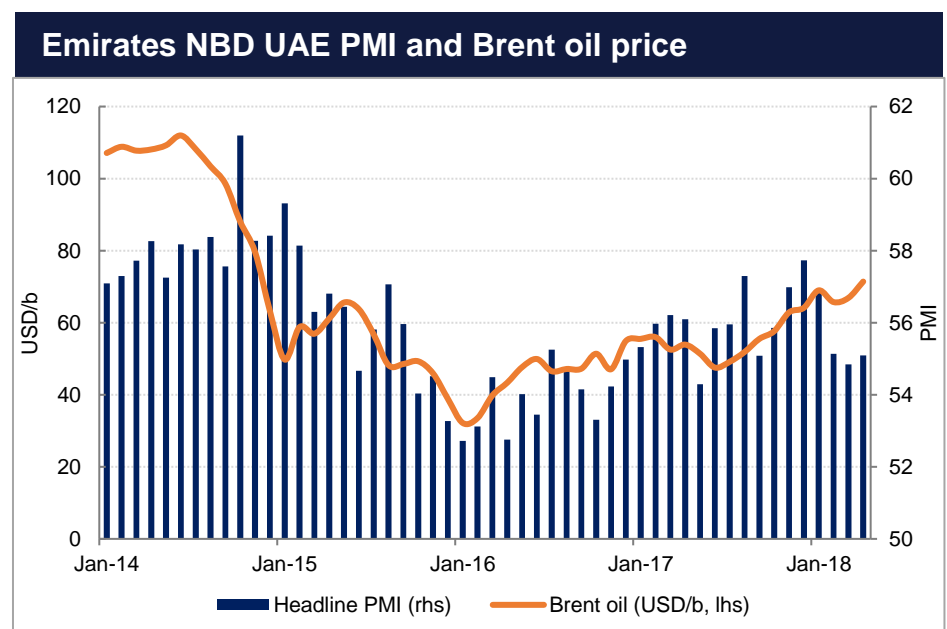
The Emirates NBD Purchasing Managers' Index (PMI) for the UAE increased slightly in April to reach 55.1 (54.8 in March), indicating a solid rate of expansion in the non-oil private sector last month. New order growth was strong (index at 60.8), with the increase in April underpinned by a rise in new export orders. The export order index stood at 52.9, the highest reading since December 2017, with respondents noting improving demand from the Middle East and Europe. Output/ Business activity also rose at the fastest rate since January, with this index at 58.4 in April.

However, as has been the case for the last couple of years, strong output and new order growth has not translated into faster employment growth. While the employment index rose to 50.7 in April from 50.3 in March, it remains below the series average. The average for the employment index year-to-date is just 50.9, indicating even weaker job growth in the UAE since the start of this year than in 2017. However, the backlogs of work increased the most since August 2015, largely due to higher new orders, which may lead some firms to boost hiring in the coming weeks.

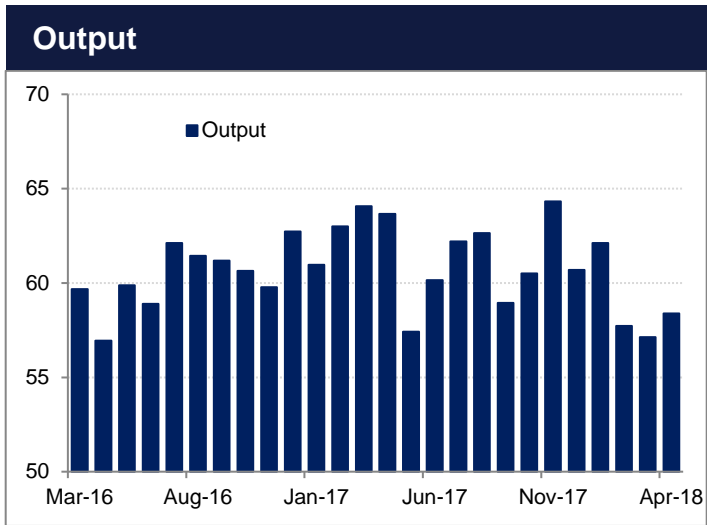
Input costs rose at a sharper rate in April relative to March, with this largely due to higher purchase costs. However, staff costs (wages) also increased at the fastest rate since January, after remaining relatively stable in February and March. Some firms were able to pass on some of their higher costs to buyers, with average selling prices in the UAE rising modestly in April after two months of decline.

Purchasing activity rose at a similar rate to March, which was to be expected given strong new order growth. Stocks of pre-production inventories increased the slowest rate since May 2016 however, as firms had aggressively built up inventories in Q4 2017 ahead of VAT.

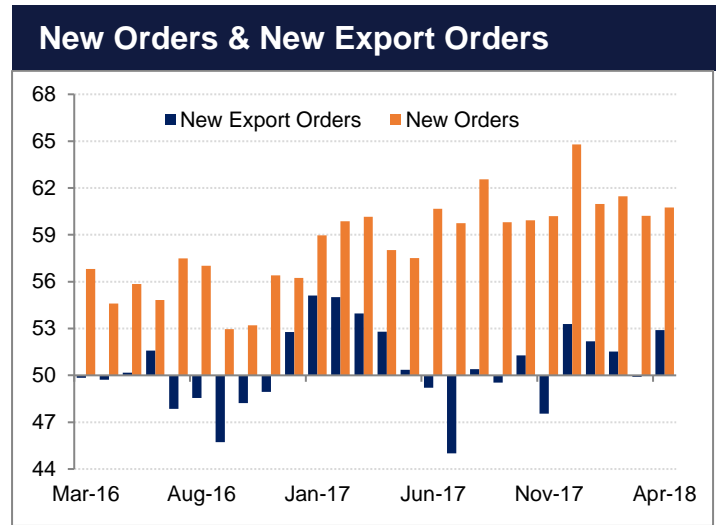
Businesses were more upbeat in April about future output, on average. More than half of the firms surveyed in April expected their output to be higher in twelve months' time, compared with 28% in March and less than 15% in February. An expected economic upturn, new product launches and improved marketing strategies were all cited as factors behind the positive sentiment last month. We believe higher oil prices have also contributed to positive sentiment in the private sector.



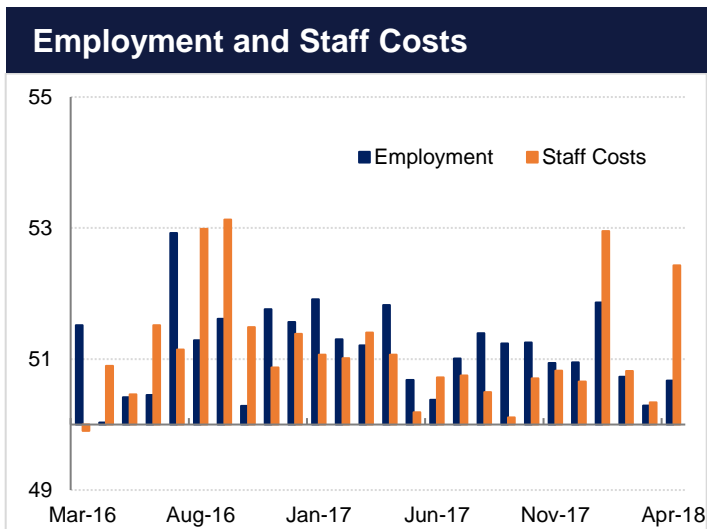
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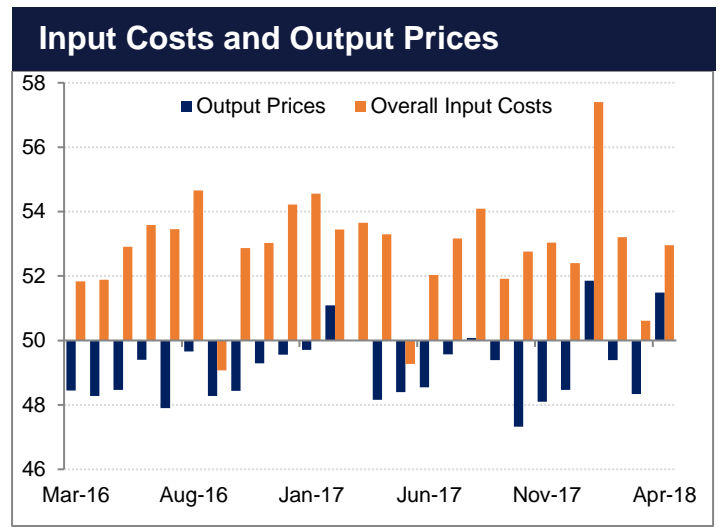
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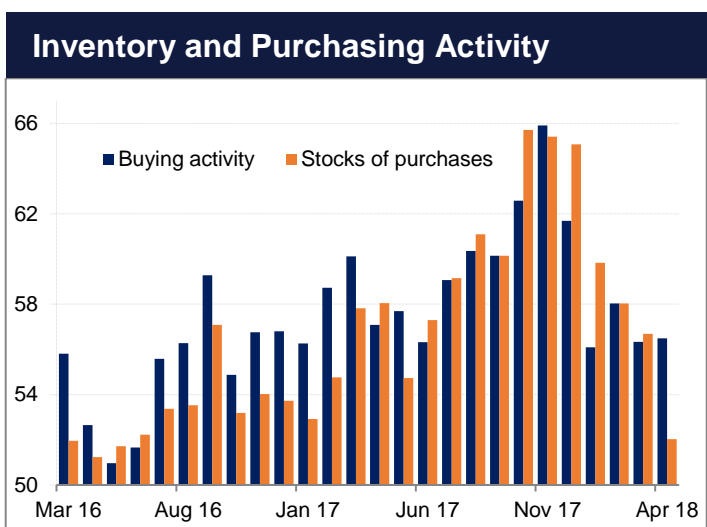
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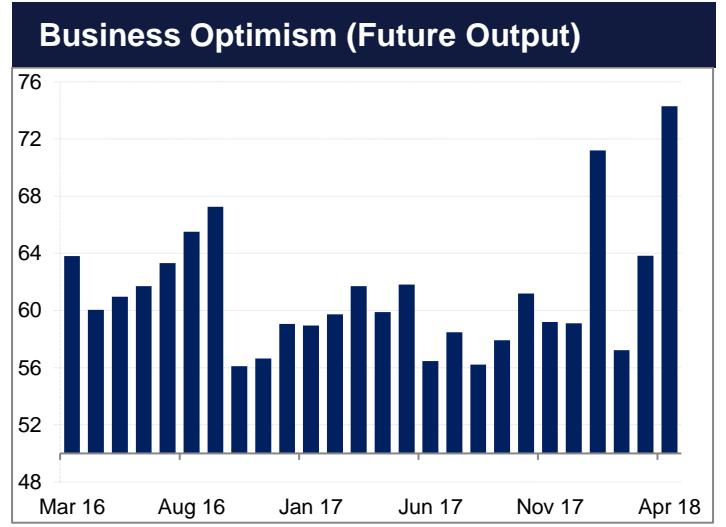
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